

DRS - Employers' Guide

This quick reference aid has been developed by the Washington State Department of Retirement Systems (DRS) to help employers administer retirement reporting. Although it provides answers to many common questions, it is not intended to be a comprehensive resource. Please refer to the **Contacting DRS** and **Helpful Resources** section on page 4 for additional sources of information.

Member Reporting Verification

Membership Verification - To check a member's status

Is this member a retiree? In what system or plan should they be reported? This web-based application allows the employer with Internet access to verify the retirement status prior to enrolling a member into a retirement system. Identifies any previous employment history a member may have had with the inquiring employer.

Other ways to check a member's account:

Call - Toll-free 1.800.547.6657 ext. 47200
Olympia 360.664.7200
Fax - 360.753.1090
E-mail - drsemployer@drs.wa.gov

Earn Screen - To view a member's account

Do you need to verify what you reported for a member or retiree? This application displays compensation and hours. View yearly totals and monthly details.

Only the records that the inquiring employer transmitted to DRS will display.

Eligibility

Eligible Position - Defined

An **eligible position** is one that *normally* requires at least five months each year in which regular compensation is earned for 70 or more hours per month.

For a **new position**: *Normally* means a position that requires at least five months of 70 or more hours per month of compensated service during each of two consecutive years.

For an **existing position**: *Normally* means that the position will continue to be eligible if it requires at least five months of 70 or more hours of compensated service during at least one year in any two year period.

DRS is responsible for administering the retirement laws requiring membership for employees in eligible positions. However, your responsibility as an employer has several elements:

- ❖ Defining your positions.
- ❖ Annually evaluating the eligibility status of your positions and documenting your eligibility determinations.
- ❖ Reporting members from their first day in an eligible position.
- ❖ Considering all of an employee's work as one position.
- ❖ Not considering personnel classifications (temporary, seasonal, substitute, part-time, intermittent, etc) when determining eligibility. Eligibility is based on position status.
- ❖ Defining position and eligibility status when an employee is "filling in" for another employee. If the fill-in employee is placed into the absent person's eligible position, the fill-in employee must be reported.

TRS Plan 1 Membership Rules

Please contact TRS Retirement Services if you have questions about TRS eligibility.

PERS Plan 3 Employee Orientation

New Member Plan Choice

New members hired as of March 1, 2002 (Phase 1 employers) or September 1, 2002 (Phase 2 employers) will have up to 90 days to make a plan choice. Employers should review and update their New Employee Orientation program/process to reflect and emphasize the importance of this 90-day window for new members.

DRS will provide employers with new member plan choice information packets and videos .

Educational Resources

DRS, in conjunction with ICMA-RC, will conduct both transfer and investment education seminars statewide to assist members with PERS Plan 3 education. These seminars will provide members with the tools to make an informed decision regarding retirement planning.

Phase 1 employers should anticipate that ICMA-RC will contact them regarding seminar scheduling and registration beginning in November 2001. Phase 2 employers should expect to be contacted by ICMA-RC beginning in May 2002 for seminar scheduling and registration.

	New Member Plan Choice	Transfer Decision	Investment Education
Written Materials	Yes	Yes	Yes
Website	Yes	Yes	Yes
Financial Modeling Software/Calculators	Yes	Yes	Yes
Seminars	No*	Yes**	Yes
Video	Yes	Yes	Yes
Phone Support	Yes	Yes	Yes

* New members may attend transfer seminars, but some of the information covered will not apply.

**Available during initial transfer window.

Forms

Forms Defined

Retirement Status Form

A required form (RCW 41.50.139), used to document if an employee has been a member of, or has retired from, a Washington State retirement system.

Employer retains form.

Member Information Form (MIF)

Form used by: New members to choose PERS Plan 2 or PERS Plan 3; Plan 2 members who choose to transfer to Plan 3; and for new members of SERS and TRS, or Plan 3 members returning to eligible employment.

Member returns completed form to employer. Employer completes section 5, keys information into their payroll system, and mails the original to DRS if section 2 was required.

Beneficiary Designation

Form used to designate member's beneficiary(ies). The designated beneficiary(ies) will receive any money in the member's account at the time of member's death prior to retirement. If a member has money in more than one retirement system, a separate form for each system must be completed.

Return completed form to DRS.

Plan 3 Change of Investment Program

Form used by: Plan 3 members to change the investment program for their current deductions from the WSIB Investment Program to the Self-directed Investment Program and vice versa.

Member returns completed form to employer. Employer keys changes into their payroll system and retains the form.

What forms are needed?

Plan 2 member transferring to Plan 3

Member Information Form
Beneficiary Designation (update)

PERS Plan 2 and Plan 3 (new member)

Retirement Status Form
Member Information Form
Beneficiary Designation

SERS and TRS Plan 3 (new member)

Retirement Status Form
Member Information Form
Beneficiary Designation

Plan 3 member changing employer

Retirement Status Form
Member Information Form
Beneficiary Designation

Plan 3 member changing investment programs

Plan 3 Change of Investment Program

Plan 3 member transferring money

Member needs to contact ICMA-RC

Plan 3 Reporting Policies

PERS New Member: Report employer and member contributions in PERS Plan 2 until MIF is received, or 90 calendar days default takes effect.

Plan 3 member changing employer and TRS/SERS new members: Report employer contributions in Plan 3. Member contributions are reported after MIF is received, or 90 calendar days default takes effect.

Plan 3 Defaults:
Contribution Rate Option: A
Investment Program: WSIB
PERS Plan: 3

Contribution Rate Options

Option A
5% fixed all ages

Option B
5% up to age 35
6% age 35 - 44
7.5% age 45+

Option C
6% up to age 35
7.5% age 35 - 44
8.5% age 45+

Option D
7% fixed all ages

Option E
10% fixed all ages

Option F
15% fixed all ages

If it is discovered that an employer did not report a Plan 3 member during an eligible period of time, start reporting compensation, employer contributions and hours. Service credit will be granted immediately. The member has up to 90 calendar days from the date of discovery to select their rate option and investment program.

Employers are responsible for deducting and reporting the Plan 3 member rate correctly, based upon the member's chosen rate option. DRS will accept what the employer reports for member contributions.

The employer is liable for making up lost earnings if a member suffers a loss of investment return due to an employer reporting error (RCW 41.50.145).

Once a member selects a contribution rate, member contributions will be made prospectively from the first day of the pay cycle in which the member selects the option.

If rate changes are necessary following a member's birthday, employers should begin using the new rate effective the first day of the following month. Example - for a member who selected rate option B and turns 35 on April 5th, the employer would deduct 6% contributions for all reportable compensation paid as of May 1st.

Reporting

Employers are encouraged to submit the Member Earnings Transmittal Report for each pay period. The sooner DRS receives Plan 3 member contributions and the transmittal report, the sooner member contributions are invested.

Payment Advice

- ❖ Use a separate Payment Advice form for each Reporting Group number being reported.
- ❖ Submit one payment, made payable to DRS, for the total of the Payment Advice forms you are submitting for all retirement systems and plans.
- ❖ Make payment equal to the total of all Payment Advice forms.
- ❖ Submit a separate payment with your Deferred Compensation Program (DCP) Payment Advice form.
- ❖ Do not report negative amounts on your Payment Advice form (except for manual JV's and Electronic Fund Transfers).
- ❖ Use a Credit Redistribution form or call your DRS Account Manager to move dollars between plans and/or systems.

Using the Multiple Record Layout

Summary Record - A part of every transmittal report to DRS.

Member Profile Record - Required the first time you report an employee. Also used to report a change to a member's name, address, birth date or gender code.

Employer Information Record - Required the first time you report an employee, and the last time you plan to report an employee.

Plan Choice Record - This record needs to be submitted only one time per member. The plan choice and associated date is required to record a member's plan choice. DRS will not move a PERS Plan 2 member into PERS Plan 3 without the plan choice/date information.

2C = New member chooses PERS Plan 2

3C = New member chooses PERS Plan 3

3D = New member is defaulted into PERS Plan 3

3X = Plan 2 member transfers to Plan 3

Defined Benefit Record - At least one defined benefit record per member must be reported for each earning period reported.

Defined Contribution Record - A record should be on each report for every Plan 3 member who has a retirement deduction.

Transmittal Corrections

Transmittal Corrections

DRS recommends using the Web-Based Employer Transmittal (WBET) for processing timely transmittal corrections, or you can use the generic paper Transmittal Correction form.

Up to 80% of the contributions reported by the employer for a Plan 3 member's Defined Contribution account may be reversed via a transmittal report. Beyond 80%, call ESS.

When making retroactive adjustments to compensation earned over a period of time, use the current Plan 3 member contribution rate.

Housekeeping

Keep members' address information current.

Be sure to verify that members sign and date all required sections of each form.

To change a begin or end date reported in error, fax or e-mail ESS.

Edit Messages - In order of importance.

Rejection - Transaction reported is incorrect, and DRS cannot tell what is wrong. The contributions are not added to or subtracted from, the member's account or invoiced to the employer's account.

If appropriate, the employer should submit a transmittal correction as soon as possible.

Example - A new employee is reported without a begin date.

Example - A member is reported with an earning period outside the member's enrollment period.

Information Changed - The transaction is incorrect, but the system can determine the problem and corrects the data accordingly.

Example - A begin date is already on record with DRS. The employer submits another begin date on the monthly transmittal. The transaction was processed, but the begin date was ignored.

Example - Reported employer contributions are incorrect, based on the reported compensation. The system recalculates the contributions based on the appropriate rate for the reported earning period.

Warnings - The transaction appears questionable, but is within allowable limits and is processed. No adjustments are made, and the transaction is posted to the member's account exactly as it was reported. *The employer should review the data and determine if it is correct.*

Example - Over 300 hours of service are reported for a given earning period.

Contacting DRS

Telephone Numbers:

Members: 360.664.7000 or 1.800.547.6657 ext 47000

Employer Support Services (ESS):

360.664.7200 or 1.800.547.6657 ext 47200

Fax - 360.753.1090

Deferred Compensation Program (DCP):

Participants: 360.664.7111 or 1.888.327.5596

Employers: 1.800.423.1524

E-mail: drsemployer@drs.wa.gov

Web Pages:

DRS Home Page - www.wa.gov/drs

DRS Electronic Services - www-app3.wa.gov/drs/eservices/employer/Info/ElectServ.asp

DRS Employer Self-Audit - www.wa.gov/drs/employer/self_audit/index.htm

PERS Plan 2 or Plan 3 Portal - www.wa.gov/drs/member/pers/2or3/index.htm

Mailing Address:

For **Transmittal Reports**, forms, or general correspondence, use:
PO Box 48380
Olympia WA 98504-8380

For **Payment Advice**, Credit Redistribution forms, payments and DCP reports and payments, use:
PO Box 9018
Olympia WA 98507-9018

Order forms, Employer Handbook, Journey to Retirement Transfer Decision Booklet, Transfer Decision Video, Journey to Retirement New Member Plan Choice Booklet and New Member Plan Choice Video from DRS.

360.664.7066 or 1.800.547.6657 ext 47066

Order Plan 3 Investment Education packets from ICMA.
1.888.711.8773

Helpful Resources

ICMA-Retirement Corporation (ICMA-RC)

1.888.711.8773

www.icmarc.org/plan3

Washington State Legislative Hotline

1.800.562.6000

www.leg.wa.gov

Health Care Authority (HCA)

360.412.4200 or 1.800.200.1004

www.wa.gov/hca

Social Security Administration

1.800.772.1213

www.ssa.gov